

AMENDED IN ASSEMBLY MAY 19, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

**ASSEMBLY BILL**

**No. 489**

**Introduced by Assembly Member Ducheny**  
*(Coauthor: Senator Alpert)*

February 18, 1999

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An act to add *and repeal* Sections 17052.26 and 23616 ~~to~~ of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 489, as amended, Ducheny. Income and bank and corporation taxes: credit: taxes.

The Personal Income Tax Law and the Bank and Corporation Tax Law ~~authorizes~~ *authorize* various credits against the taxes imposed by those laws.

This bill would allow a credit, *for taxable and income years beginning on or after January 1, 2000, and before January 1, 2007*, in an amount equal to the costs paid or incurred by the taxpayer for unemployment insurance taxes and employment training taxes on tips reported by his, her, or its employees. *The Franchise Tax Board would be required to report to the Legislature on the use of these credits.*

*This bill would take effect immediately as a tax levy.*

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 17052.26 is added to the Revenue  
2 and Taxation Code, to read:

3 17052.26. (a) For each taxable year beginning on or  
4 after January 1, 2000, *and before January 1, 2007*, there  
5 shall be allowed as a credit against the “net tax,” as  
6 defined in Section 17039, an amount equal to the costs  
7 paid or incurred during the ~~taxable year by the taxpayer~~  
8 ~~for unemployment insurance taxes and employment~~  
9 ~~training taxes on tips reported by his or her employees~~  
10 ~~pursuant to Section 13055 of the Unemployment~~  
11 ~~Insurance Code.~~

12 ~~(b) taxable year by the taxpayer on tips reported by~~  
13 ~~his or her employees pursuant to Section 13055 of the~~  
14 ~~Unemployment Insurance Code for unemployment~~  
15 ~~insurance taxes and employment training taxes.~~

16 (b) For purposes of this section:

17 (1) “Unemployment insurance taxes” means  
18 employer contributions to the Unemployment Fund  
19 pursuant to Section 977 of the Unemployment Insurance  
20 Code.

21 (2) “Employment training taxes” means employer  
22 contributions to the Employment Training Fund  
23 pursuant to Section 976.6 of the Unemployment  
24 Insurance Code.

25 (3) “Tips” has the meaning provided in Section 927 of  
26 the Unemployment Insurance Code.

27 (c) In the case where the credit allowed under this  
28 section exceeds the “net tax,” the excess may be carried  
29 over to reduce the “net tax” for the succeeding 15 years,  
30 or until the credit is exhausted, whichever occurs first.

31 ~~(e)~~

32 (d) No deduction shall be allowed as otherwise  
33 provided in this part for that portion of any costs paid or  
34 incurred for the taxable year which is equal to the amount  
35 of the credit allowed under this section attributable to  
36 those costs.

37 (e) *This section remain in effect only until December*  
38 *1, 2007, and as of that date is repealed.*

1 SEC. 2. Section 23616 is added to the Revenue and  
2 Taxation Code, to read:

3 23616. (a) For each income year beginning on or  
4 after January 1, 2000, *and before January 1, 2007*, there  
5 shall be allowed as a credit against the “tax,” as defined  
6 in Section 23036, an amount equal to the costs paid or  
7 incurred during the income year ~~by the taxpayer for~~  
8 ~~unemployment insurance taxes and employment~~  
9 ~~training taxes on tips reported by its employees pursuant~~  
10 ~~to Section 13055 of the Unemployment Insurance Code.~~

11 ~~(b) by the taxpayer on tips reported by his or her~~  
12 ~~employees pursuant to Section 13055 of the~~  
13 ~~Unemployment Insurance Code for unemployment~~  
14 ~~insurance taxes and employment training taxes.~~

15 (b) For purposes of this section:

16 (1) “Unemployment insurance taxes” means  
17 employer contributions to the Unemployment Fund  
18 pursuant to Section 977 of the Unemployment Insurance  
19 Code.

20 (2) “Employment training taxes” means employer  
21 contributions to the Employment Training Fund  
22 pursuant to Section 976.6 of the Unemployment  
23 Insurance Code.

24 (3) “Tips” has the meaning provided in Section 927 of  
25 the Unemployment Insurance Code.

26 (c) In the case where the credit allowed under this  
27 section exceeds the “tax,” the excess may be carried over  
28 to reduce the “tax” for the succeeding 15 years, or until  
29 the credit is exhausted, whichever occurs first.

30 ~~(e)~~

31 (d) No deduction shall be allowed as otherwise  
32 provided in this part for that portion of any costs paid or  
33 incurred for the income year which is equal to the  
34 amount of the credit allowed under this section  
35 attributable to those costs.

36 (e) *This section shall remain in effect only until*  
37 *December 1, 2007, and as of that date is repealed.*

38 SEC. 3. *The Franchise Tax Board shall report to the*  
39 *Legislature by January 1, 2006, on the annual number of*  
40 *taxpayers claiming the credits allowed by this act and the*

1 *value of the credits claimed for each year.* This act  
2 provides for a tax levy within the meaning of Article IV  
3 of the Constitution and shall go into immediate effect.

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